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Selective Energy Alternatives Inc.
SEArch Inc.
Self
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Opponents:

Scott Yahnke
Matt Lathrop
Dave Dingman
Robert Byrnes

John K. Hansen

Representing:

Self
Nebraska Association of Trial Attorneys
SWT Energy Inc.
Nebraska Renewable Energy Systems
Nebraska Renewable Energy Association
Nebraska Farmers Union

Neutral:

Tim Texel
Ken Winston

Representing:

Nebraska Power Review Board
Nebraska Chapter Sierra Club

Summary of purpose and/or change:

LB 1065 does the following:

Section 1 Legislative intent.

Section 2 Definitions.

1. Customer-generator – end-use customer that is the owner or operator of a qualified generation unit;
2. Customer-generator rate class – rate class for customers that interconnect qualified generation units rated above ten kilowatts to the distribution system;
3. Excess generation – the energy generated which exceeds the customer-generator’s requirements;
4. Facility charges – the local distribution system’s unavoidable costs of providing service to the customer-generator;
5. Local distribution system – any system used for the distribution of electric energy to the end-use customer with the exception of transmission facilities rated higher than sixty-nine kilovolts;
6. Local distribution utility – a public power district, public power and irrigation district, individual municipality, or nonprofit electric cooperative corporation which is the owner or operator of the local distribution system to which the customer-generator is interconnected;
7. Net metering – billing the customer-generator according to the difference between the amount of electricity supplied by the local

- distribution utility and the amount of electricity generated from the customer side of the meter using the qualified generation unit; and
8. Qualified generation unit – a facility for the generation of electricity which:
 - a. Uses as its energy source solar, wind, biomass, or hydropower;
 - b. Is located on property that is owned, operated, leased or otherwise controlled by the customer-generator;
 - c. Operates parallel with the distribution system;
 - d. Is intended to primarily offset part of or all of the customer-generator's requirements for electric energy at the same location;
 - e. Is not intended to offset or provide credits for electric consumption at another location controlled by the customer-generator or for any other customer; and
 - f. Meets all applicable safety, performance and reliability standards, including interconnection standards adopted by the local distribution utility.

- Section 3 (1) Requires a local distribution utility to interconnect the qualified generation unit if the customer-generator pays for any costs incurred by the local distribution utility for equipment or services required for safety or performance necessary to meet standards.
- (2) Requires the local distribution utility to provide at no additional cost to the customer-generator a meter that is capable of measuring the flow of electricity in both directions at the same rate. If the qualified generator unit is rated ten kilowatts or less, this may be accomplished through the use of a single, bidirectional electric meter.
 - (3) Allows the local distribution utility at its own expense to install additional monitoring equipment.
 - (4) Allows the local distribution utility to create a customer-generator rate class or classes for qualified generation units rated above ten kilowatts.

Rate classes:

 - (a) Based in a cost of service study;
 - (b) May be designated by the size of the generation unit;
 - (c) Shall be not discriminatory; and
 - (d) May allow for facility charges to cover the use of the distribution system.

Requires rates be developed for purchases or deliveries of electricity by the customer-generator for qualified units rated above ten kilowatts:

 - (a) Rates shall not be less than the wholesale power supply costs of the local distribution utility;
 - (b) Shall provide monetary credits to the customer-generator for its excess generation deliveries;

- (c) Money credits shall be applied to monthly bills for the preceding month to offset the cost of energy owed by the customer-generator.

If the energy portion of the customer-generator's bill is less than zero in any month, monetary credits shall be carried over to future bills until the balance is zero. At the end of the calendar year, any excess monetary credits shall be paid out to coincide with the final bill of each calendar year.

- (5) Requires the local distribution utility to provide net metering service to any customer-generator with a qualified system of ten kilowatts or less;
 - (a) Excess generation compensated as a monetary credit not less than the average wholesale cost per kilowatt hour for the distribution facility for the month of generation;
 - (b) Monetary credits shall be applied to monthly bills.
 - (c) Excess monetary credits at the end of each calendar year shall be paid to the customer-generator.
 - (d) Facility charges shall not be applied to customer-generators having a qualified unit less than ten kilowatts.

Nothing in this section prohibits a local distribution utility from providing net metering services to customer-generators having qualified generation units at or above ten kilowatts with the approval of the governing board.

- (6) Does not require a local distribution utility to provide net metering service to additional customer-generators regardless of size during a calendar year in which the total generating capacity of all customer-generators served by such local distribution utility is equal to or in excess of one percent of the capacity necessary to meet the local distribution utility's average aggregate customer monthly peak demand forecast for that calendar year.
- (7) Limits the liability of the local distribution utility for permitting the interconnection of a qualified generation unit or for acts or omissions of the customer-generator that cause property damage or injury. Allows the local distribution utility to require proof of liability insurance coverage.

- Section 4 (1) Requires a customer-generator to provide lockable switching equipment capable of isolating the unit from the local distribution system. The equipment must be approved by the local distribution utility and must be accessible at all times by the local distribution utility.
- (2) Requires the customer-generator to request an inspection from the State Electrical Division and provide documentation of the completed inspection to the local distribution utility prior to the interconnection.
- (3) Requires the customer-generator to notify the local distribution utility at least sixty days prior to the installation of a qualified generation

- unit, and is required to pay the costs of such unit as well as for any modifications required for the purposes of safety and reliability.
- (4) Allows the customer-generator to retain ownership of the renewable energy credits associated with its generation unit.

Section 5 Prohibits a local distribution utility from requiring a customer-generator whose qualified generation unit meets all of the standards of the act to comply with additional safety, performance or reliability standards or to perform or pay for additional tests.

Section 6 Allows an exception to the act for any local distribution utility that, prior to the effective date of this act, has properly adopted a net metering standard utilizing the public process set forth under federal law.

Section 7 Provides an exception for the Nebraska Power Review Board's review for the construction of a new or the interconnection of an existing qualified generation unit.

Section 8 Repealer.

Explanation of amendments, if any:

The committee amendment makes three technical changes and adds one new section.

Section 6 adds an additional phrase: "or has initiated consideration of" utilizing the public process set forth in the federal Public Utility Regulatory Policies Act of 1978 as such act existed on the effective date of this act.

Section 7 requires a local distribution utility to file an annual report with the Nebraska Power Review Board indicating the number of net metering systems within the local distribution utility, the rated kilowatt hour capacity of each system, the location of such system, and the type of energy source used by such qualified generation unit.

Senator LeRoy Loudon, Chairperson